

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:

Case No. 14-52309

MO BETTER BLUES, LLC,

Chapter 11

Debtor.

Judge Thomas J. Tucker

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ORDER REQUIRING DEBTOR TO AMEND DISCLOSURE STATEMENT

On May 22, 2015, the Debtor filed a plan and disclosure statement, in a document entitled “Amended Combined Plan and Disclosure Statement” (Docket # 93). The Court cannot yet grant preliminary approval of the disclosure statement contained within this document (“Disclosure Statement”). The Court notes the following problems, which the Debtor must correct.

First, in Paragraph 3.1 of the Plan on page 3, Debtor states, in relevant part: “There was an administrative claim for post-petition rent and utilities which is being withdrawn pursuant to a settlement agreement signed by the Debtor and Dean Greenblatt.” The Debtor also refers to a settlement entered into in May 2015 with SSJ Properties LLC, Dean Greenblatt, and others, on page 12 of the Disclosure Statement. Debtor must describe the material terms of the settlement(s).

Second, in Paragraph 4.3 of the Plan on page 5, Debtor must name the members of the Debtor, and state the percentage of ownership of each member in the Debtor. This information is in Paragraph II.A of the Disclosure Statement on page 7, but it also must be included in the Plan.

Third, in Paragraph 9.1 of the Plan on page 7, Debtor must state who is currently managing the Debtor (Gerald Watson II and Marilyn Hall).

Fourth, in Paragraph 9.2 of the Plan on page 7, Debtor states: “All property of the Estate

not dealt with in the Plan shall be deemed the property of the Debtor upon the Effective Date of the Plan.” (Emphasis added). This statement is vague and unclear; Debtor must state more clearly what is intended here. If, for example, Debtor means adopt the default rule under 11 U.S.C. § 1141(b), of re-vesting of estate property in the Debtor upon confirmation, then Debtor must say so clearly, using the terminology of that statute. Section 1141(b) states: “[e]xcept as otherwise provided in the plan or the order confirming the plan, the confirmation of a plan vests all of the property of the estate in the debtor.”

Fifth, the Debtor must disclose the individual bankruptcy cases filed in this Court of Gerald Watson, II, and Marilyn Hall Watson, and the prior Chapter 7 bankruptcy discharge of Gerald Watson, II: Case No. 11-43489 (Gerald M. Watson, II; joint Chapter 7 case; discharge entered May 24, 2011); Case No. 14-54395 (Gerald Watson, II; pending Chapter 13 case); and Case No. 14-55206 (Marilyn J. Hall; pending Chapter 7 case).

Sixth, in Paragraph II.B.2 of the Disclosure Statement on pages 8-9, Debtor must state what compensation Gerald Watson, II and Marilyn Watson received pre-petition, and whether they received any fringe benefits pre-petition.

Seventh, in Paragraph II.B.3 of the Disclosure Statement on page 9, Debtor states that “Gerald Watson II and Marilyn Hall Watson are guarantors on the claim held by Kales Grand Circus Park, LLC.” However, on page IV.D of the Disclosure Statement on page 16, Debtor States: “Guarantors or Co-Debtors. There are no guarantors or co-debtors for any of Debtor’s claims. Debtor must correct this apparent inconsistency.

Eighth, in Paragraph III.C of the Disclosure Statement on pages 11-12, Debtor must state what is the status of the Debtor’s appeal in the state court case of *Mo Better Blues, LLC v SSJ*

Properties, LLC et al.

Ninth, Debtor must modify Paragraph VI.E of the Disclosure Statement on page 19, so that it states, in its entirety, the following:

E. Effect of confirmation

If the plan is confirmed by the Court:

1. Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.

2. Except as provided in the plan and in 11 U.S.C. § 1141(d):

(a) In the case of a corporation that is reorganizing and continuing business, **as in this case:**

(1) All claims and interests will be discharged.

(2) Creditors and shareholders will be prohibited from asserting their claims against or interests in the debtor or its assets.

Accordingly,

IT IS ORDERED that no later than **June 3, 2015**, Debtor must file an amended combined plan and disclosure statement that is consistent with this Order.

IT IS FURTHER ORDERED that no later than **June 3, 2015**, Debtor also must file a redlined version of the combined plan and disclosure statement, showing the changes Debtor has made to Debtor's "Amended Combined Plan and Disclosure Statement" filed May 22, 2015.

Signed on May 29, 2015

/s/ Thomas J. Tucker
Thomas J. Tucker
United States Bankruptcy Judge